



Department of Economics Course Outline

		Term:	Fall 2004
Course:	Economics 327 [Petroleum in the World Economy]	Section:	01
Time:	MWF 11:00	Place:	ICT 114 (subject to change)
Instructor:	Dr. A. J. MacFadyen		
Office:	SS 540	Telephone:	220-4094
Office Hours:	MF 12:00-13:00 W 14:00-16:00 or by appointment	E-mail:	macfadye@ucalgary.ca

Textbook(s):

- Class Handout to be purchased from the Economics Department.
- Parra, Francisco, Oil Politics: A Modern History of Petroleum, London: I.B.Tuaris, 2004.

Books on Reserve:

- Adelman, M.A. The World Petroleum Market, Johns Hopkins, 1972.
- Adelman, M.A. The Genie out of the Bottle, MIT, 1995.
- Amuzegar, J. Managing the Oil Wealth: OPEC's Windfalls and Pitfalls, St. Martin's (Tauris) 1999.
- Bannon I., and Collier, P. (eds.) Natural Resources and Violent Conflict: Options and Actions, World Bank, 2003.
- Campbell, C.J. The Coming Oil Crisis, Multi-Science Pub., 1997.
- Claes, P.H. The Politics of Oil - Producer Cooperation, Westview, 2001.
- Griffen, J., and Teece, D. (eds.) OPEC Behaviour and World Oil Prices, Unwin, 1982.
- Hall, D.C. and Howarth, R.B. (eds.) The Long-term Economics of Climate Change: Beyond a Doubling of Greenhouse Gas Concentrations, Elsevier Science, 2001.

- Hannesson, R. Investing for Sustainability: The Management of Mineral Wealth, Kluwer Academic, 2001.
- International Energy Agency. Developing China's Natural Gas Markets: The Energy Policy Challenges, OECD, 2002
- Kim, Y. The Resource Curse in a Post-Communist Regime: Russia in Comparative Perspective, Ashgate 2003.
- Rauscher, M. OPEC and the Price of Petroleum, Springer, 1989.
- Reynolds, D.B. Scarcity and Growth Considering Oil and Energy: An Alternative Neo- Classical View, Edwin Mellen, 2002.
- Skeet, I. OPEC: Twenty Five Years of Prices and Politics, Cambridge University Press, 1988.
- Verleger, P. Adjusting to Volatile Energy Prices, Institute for International Economics, 1993.

Other Reference Materials:

Students should be aware of a number of journals which include up-to-date material on the petroleum industry. Of particular note are:

1. For Canada: Oilweek, Daily Oil Bulletin
2. For U.S.A.: Oil and Gas Journal, Energy Users Bulletin
3. International Industry: Petroleum Economist, Petroleum Intelligence Weekly, Middle East Economic Survey, and Middle East Economic Digest.

In addition, recent events in the petroleum industry have called forth many articles in economic journals. Of particular interest to this class may be those in Canadian Public Policy, The Energy Journal, Journal of Energy and Development, and Energy Policy. For reference to other recent articles on the economics of the oil industry, see the relevant section (Q4) in the Journal of Economic Literature, or undertake a search through Econ-Lit (accessible through the Economics Department web page).

Finally, governments have recently published some interesting material on energy industries. In Alberta, material from the Energy and Utilities Board is of particular interest. For the Canadian federal government, see the National Energy Board, the Science Council of Canada, the Economic Council of Canada and Natural Resources Canada. For the U.S. see the Federal Energy Agency, Federal Energy Regulatory Commission, and Department of Energy (especially the Energy Information Administration, EIA); also hearings before various Congressional Committees, including the House Ways and Means Committee, the Senate Committee on Commerce, the Senate Committee on Foreign Relations and the Joint Economic Committee. The OECD also has a number of interesting recent publications on energy, including publications of the International Energy Agency. So does OPEC, including the OPEC Review and OPEC Bulletin.

Among interesting websites are the following:

Canadian Governmental:

Natural Resources Canada: www.nrcan.gc.ca

National Energy Board: www.neb.gc.ca

Alberta Department of Energy: www.energy.gov.ab.ca

Alberta Energy and Public Utilities Board: www.eub.gov.ab.ca

U.S. Governmental:

U.S. Energy Information Administration: www.eia.doe.gov

International Governmental:

International Energy Agency: www.iea.org

Organization of Petroleum Exporting Countries: www.opec.org

Other:

Middle East Economic Survey: www.mees.com

Oxford Institute for Energy Studies: www.oxfordenergy.org

- Course Objectives:**
1. To review the basic analytical concepts of relevance to the study of the world petroleum market: demand, supply, perfect and imperfect competition, and profit maximizing allocation of an exhaustible resource stock;
 2. To survey major events in the evolution of the economics of the world crude oil market from 1900 to the present, with particular emphasis on the years since the formation of OPEC in 1960, and the "commoditization" of the oil market since 1980.
 3. To develop the skills necessary for the critical evaluation of news stories about the international petroleum industry.

Course Outline:

1. Introduction: Oil in the World
Statistical material from Part One of the Class handout.
2. Analytical Background: Concepts in Petroleum Economics
Class handout.
3. The World Oil Market Before OPEC
Parra, Chs. 1-4.
4. The Founding of OPEC
Parra, Ch. 5
5. OPEC Ascendant
Parra, Chs. 6-13.
6. OPEC Retrenching
Parra, Chs. 14-15.
7. The Current Situation
Parra, Chs. 16-17.

Grade Determination and Final Examination Details:

Mid-term	
Take-home assignments (Four)	25%
Final examination (comprehensive)	32%
TOTAL	<u>43%</u>
	100%

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

Non-programmable calculators will be allowed during the writing of tests or final examinations.

There will be a Registrar scheduled final examination, lasting 2 hours

Tests and exams will not involve multiple choice questions.

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above, as applied to the percentage grades. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	92-100	B+	76-79	C+	61-64	D+	46-49
A	84-91	B	69-75	C	54-60	D	40-45
A-	80-83	B-	65-68	C-	50-53	F	0-39

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

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Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor within two weeks of the work being returned to the class.
- Make-up examinations and deferred examinations will not be given except in cases of extreme personal emergencies. Also, examinations will not be given before the indicated dates.
- Students?s exams and assignments will be returned during regular class time or at the time of the final exam. Papers may also be picked up by students during regular office hours.

Safewalk / Campus Security: 220-5333
